



Seaboard Coast Line Railroad Company Louisville & Nashville Railroad Company

**THE FAMILY LINES
RAIL SYSTEM**

500 Water Street
Jacksonville, Florida 32202

ALEX J. MANDL
Senior Vice President - Finance

Telephone 359-1565
Area Code 904

RECORDATION NO. 13239
Filed 1425

SEP 18 1981 - 11 20 AM

INTERSTATE COMMERCE COMMISSION 1-281A036

re Recordation of Documents
Leasing Agreement

Mrs. Agatha Mergenovich
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

September 18 1981
No. SEP 18 1981
Date.....
Fee \$ 50.00
OK
ICC Washington, D. C.
RECEIVED
SEP 18 11 24 AM '81

Attention: Mrs. Mildred Lee

Dear Madam Secretary:

Enclosed please find for recordation pursuant to 49 U.S.C. 11303 three counterpart copies of a LEASING AGREEMENT made on September 18, 1981 between Lloyds International Leasing Limited (the "Lessor") and Louisville and Nashville Railroad Company (the "Lessee").

The names and addresses of the parties to this transaction are as follows:

Lessor

Lloyds International Leasing Limited
40-66 Queen Victoria Street
London EC4 4EL, England

Lessee

Louisville and Nashville Railroad
Company
500 Water Street
Jacksonville, Florida 32202

The equipment that is the subject of this transaction is described as follows:

One hundred (100) new 100-ton 4750 cu. ft. Covered Hopper Cars listed in the Official Railway Equipment Register (the "Register") as L&N 242600-242699 inclusive; and

Four hundred eighty-nine (489) new 100-ton Coal Hopper Cars listed in the Register as L&N 551621-552109, inclusive.

Pursuant to 49 C.F.R. Part 1116, please stamp the documents described above with the date and hour of recordation, a recordation number and a notation to the effect that it has been filed pursuant to the provisions of section 11303 of Title 49 of the United States Code. After performing these tasks, please retain one copy of these documents in the Commission's files and return the other two to the delivering agent of:

White & Case
1747 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Enclosed is a check for \$50 to the order of the Interstate Commerce Commission for filing fees.

Thank you for your cooperation.

Sincerely yours,

LOUISVILLE AND NASHVILLE RAILROAD
COMPANY

By: 

Alex J. Mandl

Senior Vice President - Finance

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

White & Case
1747 Pennsylvania Ave. N. W.
Washington, D. C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/18/81 at 11:20AM , and assigned recordation number(s). 13239, & 13240

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

1981 DATED
RECORDATION NO. 13239

Sept 18

1981

SEP 18 1981 - 11 20 AM

INTERSTATE COMMERCE COMMISSION

LLOYDS INTERNATIONAL LEASING
LIMITED

(1)

- and -

LOUISVILLE AND NASHVILLE
RAILROAD COMPANY

(2)

L E A S I N G
A G R E E M E N T

LINKLATERS & PAINES, (ESS)
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.

Prohibited Use (J) The Lessee shall not use the Goods or permit the same to be used for any purpose for which they are not designed or reasonably suitable or permit them to be used in contravention of any Relevant Law for the time being in force.

Invalidation of Insurance (K) The Lessee shall not knowingly do or permit to be done anything which could invalidate any of the insurances referred to in Clause 5.

Information (L) The Lessee will promptly furnish or procure that there is furnished to the Lessor such information books, records or other documents or, as the case may be, copies thereof certified by an officer of the Lessee, concerning the leasing of the Goods or the use to which the same are being or have been put as the Lessor requests in order to enable the Lessor to respond to any inquiry to the Lessor from any Inspector of Taxes of the UK Inland Revenue.

INSURANCE

Insurance 5. (A) THE Lessee will, at the time of delivery of the Goods to the Lessee hereunder and at all times thereafter prior to the sale of the Goods pursuant to the provisions of this Agreement, at its own expense, cause to be carried and maintained insurance, in respect of the Goods in such amounts and against such risks as is consistent with prudent industry practice for Class I Railroads but, in any event, at least in such amounts and against such risks customarily insured against by the Lessee in respect of similar equipment owned and operated by it. The Lessee shall give to the Lessor at least thirty (30) days prior written notice of any material change in coverage or cancellation of such insurances; PROVIDED THAT if it is not practicable for the Lessee to have knowledge of a material change in coverage at least thirty (30) days prior to the occurrence thereof, the Lessee shall give the Lessor written notice as soon as the Lessee learns of such change. In the event that the Lessee fails to maintain the insurance required by this Clause, the Lessor may purchase such insurance as it shall deem necessary to protect its interest in the Goods and the Lessee shall reimburse the Lessor for the cost thereof upon demand.

Total Loss (B) The Lessee shall, on the rental payment date next following 31st March in any calendar year during the Primary Lease Period, pay to the Lessor the Stipulated Loss Value calculated for such rental payment date in respect of each Unit of the Goods which became a Total Loss during the

preceding calendar year as reported pursuant to Clause 14(B)(ii), together with the rental payment in respect of such Unit of the Goods due on that rental payment date. Upon the Lessee making such payments the rental for such Unit of the Goods shall cease to be payable and it shall cease to be leased hereunder.

(C) If any insurance proceeds in respect of any Unit of the Goods which has become a Total Loss are received by the Lessor before payment of the Stipulated Loss Value in respect thereof the Stipulated Loss Value shall be reduced by such amount. Any insurance proceeds received after the Lessee has complied with its obligations under sub-Clause 5(B) shall be paid by the Lessor to the Lessee.

TITLE

6. (A) AS between the Lessor and the Lessee the Goods shall at all times be the sole and exclusive property of the Lessor and neither the Lessee nor any Assignee shall have any right or interest in or to the Goods except, subject to compliance with all the obligations of the Lessee hereunder, the right to quiet possession and to use the same upon the terms and conditions contained in this Agreement.

(B) The Lessee shall take or procure that there is taken all action which may be necessary to safeguard the title and rights of the Lessor in the Goods and in particular:-

(i) the Lessee, so long as this Agreement shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Annex A to the Schedule and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit in letters not less than one inch in height, the words "Ownership Subject to a Security Agreement Filed with the Interstate Commerce Commission" or other appropriate markings designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such Unit and the rights of the Lessor under this Agreement. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such legend shall have been so marked on both sides thereof and will replace promptly any such legend which may be removed, obliterated, defaced or destroyed. The

the Goods cannot be fully rectified shall be used by the Lessor against future rentals in such manner as the Lessor shall consider appropriate. If and to the extent that the Lessor does not exercise any of such rights such moneys (or the balance thereof) shall promptly be paid to the Lessee or such Assignee.

Disclaimer of
Warranties

(B) The provisions of the preceding sub-clause (A) are in lieu of all rights of the Lessee against the Lessor of whatsoever nature in relation to the Goods and THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATIONS OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE HEREUNDER, OR OTHERWISE and the Lessee hereby waives all its rights in respect of any implied representation or warranty on the part of the Lessor and all claims against the Lessor howsoever the same might arise at any time in respect of the Units or arising out of the operation of the Units, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee. Without prejudice to the foregoing generality the Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following:-

(i) any liability loss or damage caused or alleged to be caused directly or indirectly by any of the Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith;

(ii) the use, operation, performance or ownership of any of the Units or any risks relating thereto;

(iii) any interruption of service, loss of business or anticipated profits or consequential damages; or

(iv) the delivery, operation, servicing maintenance, repair, improvement or replacement of any of the Units.

Delivery of the Goods by the Lessor to the Lessee hereunder pursuant to Clause 2(F) shall be conclusive evidence as between the Lessor and the Lessee that all Units described therein are in all the foregoing respects satisfactory to the Lessee

and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

REPRESENTATIONS AND WARRANTIES

8. IN order to induce the Lessor to enter into this Agreement, to purchase the Goods and to lease the Goods to the Lessee hereunder, the Lessee makes the following representations and warranties which shall survive the execution and delivery of this Agreement, the purchase of the Goods and the commencement of the Lease Period and the obligation of the Lessor to lease the Goods to the Lessee shall be conditional upon such representations and warranties being true and correct:-

(A) the Lessee has the corporate power to enter into this Agreement and to take on lease the Goods hereunder and to execute, deliver and perform this Agreement and has taken all necessary corporate or other action to authorise the taking on lease of the Goods on the terms and conditions of this Agreement and to authorise the execution, delivery and performance of this Agreement which constitutes a legal, valid and binding obligation of the Lessee;

(B) the execution, delivery and performance of this Agreement will not violate any provision of any existing law or regulation applicable to the Lessor or the subject of this Agreement or of the instruments constituting and regulating the Lessee or any charge, trust deed, contract or other instrument to which it is a party or which is binding upon it or its assets;

(C) any licences, consents, registrations or approvals (governmental or otherwise) necessary on the part of the Lessee in connection with the execution, delivery, performance, validity or enforceability of this Agreement have been obtained or effected and are in full force and effect and any copies thereof certified by an officer of the Lessee have been delivered to the Lessor;

(D) no such event as is referred to in Clause 10(A) (nor any other condition, event or act which, with the giving of notice or lapse of time or both, would constitute such an event) has occurred and is continuing;

(E) all written statements made and all written information furnished by the Lessee

to the Lessor prior to the date of this Agreement in relation to the Lessee and the Goods are true and correct in all material respects.

OUTGOINGS AND INDEMNITY

Lessee
to pay
all
outgoings

9. (A) THE Lessee shall pay and discharge all licence duties, fees, levies, registration charges, insurance premiums and other outgoings whatsoever (except taxes) payable by the Lessor, the Lessee or any Assignee in respect of this Agreement or the Goods or the premises in which the same or any Unit thereof is/are kept, stored or maintained or the purchase, registration, ownership, possession, leasing, control, use, operation, maintenance, repair, insurance, import to or export from any country or state, return, salvage, storage, removal, sale or other disposition of the Goods or upon the rentals, receipts or earnings arising therefrom, including interest and penalties as soon as the same become payable and shall if required by the Lessor produce to it evidence of the payment thereof.

Lessor's
rights to pay
outgoings

(B) If any such licence duties, fees, levies, registration charges, insurance premiums or other outgoings shall not be paid by the Lessee or any Assignee when due, the Lessor shall be at liberty to pay the same and the Lessee shall on demand forthwith pay to the Lessor any sums so expended.

(C) The Lessee HEREBY AGREES TO INDEMNIFY and HOLD HARMLESS the Lessor and to keep the Lessor fully INDEMNIFIED and HELD HARMLESS at all times against any loss, liability, costs, claims, demands, damages, proceedings, charges, levies, impositions, penalties and expenses of whatsoever nature (except taxes) suffered or incurred by the Lessor arising out of or in connection with:-

(i) the purchase, financing, registration, ownership, possession, leasing, control, use, operation, maintenance, repair, insurance, import to or export from any country or state, storage, return, salvage, removal, sale or other disposition of the Goods wheresoever the Goods may be;

(ii) all claims, actions, proceedings (whether civil or criminal), penalties, fines, damages or other sanctions, judgments, costs and expenses of whatsoever nature which may at any time be made or claimed by the Lessee, or any Assignee, or any employee, servant, agent or sub-contractor of the

Lessee or any Assignee, or any third party or by their respective dependants arising directly or indirectly in any manner in connection with the ownership, possession, leasing, control, use, operation, maintenance, repair, storage, return, salvage or removal of the Goods, including without prejudice to the foregoing generality any claim based upon the doctrines of product liability or strict or absolute liability in tort or by statute imposed together with all proper legal and other expenses incurred by the Lessor in protecting its rights in the Goods and under this Agreement;

(iii) any claim that the operation of, design of, or article or material in or relating to the Goods infringes or is alleged to infringe any patent or other intellectual property right of whatsoever nature.

PROVIDED THAT:-

(i) the Lessee or any Assignee (as the case may be) shall be permitted to take in the name of the Lessor such action as the Lessee or such Assignee may reasonably require to defend or avoid any such loss, liability, cost, claim, demand, damage, proceeding, charge, penalty and expense or to recover the same from any third party but subject to the Lessor being indemnified to its satisfaction by the Lessee or such Assignee against all losses, liabilities, costs, damages and expenses thereby incurred or to be incurred. The Lessor shall subject to receiving such indemnity give all such assistance as the Lessee or such Assignee may reasonably require; and

(ii) nothing in this sub-clause (C) shall impose upon the Lessee or any Assignee any liability to indemnify the Lessor against any liability resulting from the negligence or wilful default of the Lessor except where the Lessee or such Assignee is acting as the Agent of the Lessor.

(D) The Lessee agrees to pay as and when due and payable, and agrees on written demand to indemnify and hold the Lessor harmless from and against all licence, registration, titling and other fees and all taxes, levies, imposts, duties, charges or withholdings of any nature whatsoever, including, without limitation, any income, gross receipts, franchise, transfer, sales, use, business, occupation, value added, turnover, excise, personal property, real property, stamp or

other taxes, together with any penalties, additions or interest thereon (collectively "taxes or other charges"), at any time payable by or imposed against the Lessor, the Lessee, any Assignee, the Goods or any Unit thereof or the premises wherein or the land whereon the Goods or any Unit thereof shall from time to time be situated, by any federal, state or local government or taxing authority in the United States of America or in any other jurisdiction, (except United Kingdom taxes on the overall net income of the Lessor), upon, by reason of, or with respect to the Goods or any part thereof, or upon, by reason of, or with respect to the purchase, financing, registration, ownership, delivery, licensing, leasing, possession, control, use, operation, maintenance, repair, insurance, salvage, removal, sale, transfer of title, return or disposition thereof, or upon, by reason of, or with respect to the rentals, receipts, earnings, income, sale or other proceeds arising therefrom, or upon, by reason of or with respect to this Agreement or any other agreement or instrument entered into in connection with any aspect of the transaction contemplated hereby or thereby or otherwise by reason of or with respect to or in connection with any transaction contemplated by any of the foregoing agreements and instruments, including, without limitation, any taxes or other charges imposed on the Lessor by any such federal, state or local government or taxing authority in the United States of America or in any other jurisdiction (except as aforesaid) as a result of entering into or effecting any of the transactions contemplated by this Agreement or any other agreement or instrument entered into in connection therewith or in furtherance thereof (whether or not based on or measured by the income or receipts of the Lessor or any of its affiliated corporations generally), and including, without limitation, any tax imposed by any such federal, state or local government or taxing authority in the United States of America on items of tax preference as that term is defined in Section 57 of the Internal Revenue Code of 1954 of the United States of America, as amended, or any corresponding or similar provisions of any state or local tax law, or any subsequently enacted provision similar in effect, unless, and only to the extent that, any such taxes or other charges are being contested by the Lessee on behalf of the Lessor in good faith by appropriate proceedings (and for payment of which adequate reserves as determined by the Lessor have been set aside or secured in a manner satisfactory to the Lessor). The Lessor hereby agrees to authorize the Lessee or any Assignee at the Lessee's expense to contest on the Lessor's behalf any taxes or other charges

payable by or imposed against the Lessor that are the subject of this sub-Clause (D), and further agrees to co-operate fully with the Lessee or such Assignee in the prosecution of any such contest. Notwithstanding anything in this sub-clause to the contrary, the Lessee shall not be required to pay, or to indemnify or hold the Lessor harmless from or against any federal income tax imposed by virtue of the Lessor's maintenance in the United States of America of a permanent establishment (as defined in the income tax convention between the United States of America and the United Kingdom) other than a permanent establishment (as so defined) consisting of or constituted by reason of (i) the purchase, financing, regulatory ownership, delivery, licensing, leasing, possession, control, use, operation, maintenance, repair, insurance, salvage, removal, sale, transfer of title, or return or disposition of Goods which are the subject of this Agreement or (ii) the entering into or continuance of this Agreement or and other transactions entered into solely in connection therewith. The Lessor agrees that if any credit is available to it in respect of any taxes or other charges of any jurisdiction outside the UK levied or imposed in connection with this transaction and which is the subject of an indemnity under this sub-clause (D) and such credit can be utilised by way of set-off or otherwise against any United Kingdom taxable profits or liability to United Kingdom corporation tax of the Lessor or any other member of the Lloyds Bank Group (the Lessor or such other member using reasonable endeavours so as to utilise the said credit without prejudicing the operation of its business), then the Lessor shall take the amount of any such credit into account in computing the amount (if any) payable hereunder or if payment under this sub-clause (D) has already been made by the Lessee then an appropriate repayment, less any tax paid by the Lessor thereon, shall be made to the Lessee. The determination of the amount of such credit by the Lessor shall be final and binding on both parties hereto in the absence of manifest error.

(E) In the event that, with respect to any taxable period, the Lessor is entitled to indemnification hereunder for income, franchise or similar taxes levied by any particular jurisdiction and is subject to any such tax in such jurisdiction both on activities engaged in pursuant to this Agreement and any other transactions, the Lessor shall compute the portion of any such tax the subject of the Lessee's indemnification by subtracting from the Lessor's total tax payable to any jurisdiction the tax that would have been payable by the Lessor to such

jurisdiction had such jurisdiction not taxed the activities engaged in pursuant to, or income arising under, this Agreement and the Lessee shall pay directly or indemnify the Lessor, for such portion of the Lessor's tax payable to any such jurisdiction with respect to any taxable period and for any taxes attributable to such payment or indemnification. If any estimated tax payments are due in such circumstances, the Lessee shall pay to the Lessor a portion of such estimated tax payments based upon the portion of the total tax the subject of the Lessee's indemnification for the prior taxable period, and appropriate adjustments shall be made upon final determination of the tax payable by the Lessor for the relevant period. All calculations by the Lessor of amounts payable by the Lessee pursuant to this sub-clause 9(E) shall be conclusive except in the case of manifest error.

(F) If any proceedings (including a written claim or assessment or a written threat of such proceeding) are commenced against the Lessor for any such taxes or other charges, the Lessor shall have the right to demand, by written notification to the Lessee, that such amounts be paid by the Lessee unless the Lessee promptly and appropriately contests the same and sets aside or secures a reserve pursuant to the above provisions relating to contested taxes or other charges imposed on the Lessor. Subject to the provision of sub-Clause (D) of this Clause relating to contested taxes or other charges imposed on the Lessor, all amounts payable by the Lessee under sub-Clause (D) shall be payable, to the extent not theretofore paid, within ten (10) days of a written demand by the Lessor.

(G) If the Lessor becomes subject to Value Added Tax, other than at zero rate, or any other tax on added value or on turnover in respect of the rental payable hereunder or in respect of any other amounts payable by the Lessee pursuant to this Agreement in the United Kingdom, then the Lessee shall indemnify and keep indemnified the Lessor against any payment made in respect of such taxes; PROVIDED ALWAYS that if the Lessor becomes subject to or liable to account for value added tax or any other such tax as is mentioned in this sub-clause (G) and as a result it obtains a tax credit or other repayment of tax which it would not have been able to obtain had it not been so subject or liable then the liability of the Lessee under the indemnity contained in this sub-clause (G) shall be reduced to the extent of such credit or repayment so obtained and if payment has already been made by the Lessee under such indemnity an appropriate repayment shall be made.

All calculations by the Lessor of amounts payable by the Lessee pursuant to this sub-clause (G) shall be conclusive except in the case of manifest error.

(H) Any sums payable by the Lessee to the Lessor under this Clause (except sub-clause (I) below), which are treated by the Inland Revenue for taxation purposes as income of the Lessor as opposed to a payment by way of indemnity, shall be increased to the extent necessary to ensure that, after the payment of such taxation, the Lessor receives on the due date and retains a net sum equal to the amount it would have received if such sum had not been so treated by the Inland Revenue.

(I) All payments made hereunder to the Lessor, shall be made in the currency stipulated in the Schedule without set-off or counterclaim and free and clear of and without deduction for or on account of any present or future taxes, of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or governmental authority whatsoever unless the Lessee is compelled by law to deduct such taxes. In that event all such taxes shall be borne by the Lessee or, if under the provisions of any applicable law this stipulation cannot be applied, then the Lessee shall increase the payments to the Lessor so that the net amounts received by the Lessor shall be equal to the full amounts which the Lessor would have received had payment not been made subject to such taxes. As used in this sub-clause the term "taxes" includes all levies, imposts, duties, charges, fees, deductions and withholdings whatsoever and any restrictions or conditions resulting in a charge. The Lessor shall furnish to the Lessee at its request a certificate on U.S. Treasury Department Form 1001 of its qualification for any exemption from U.S. withholding tax under the US/UK Double Tax Treaty. To the extent that the Lessor obtains credit in computing its liability to tax for any amount which the Lessee deducts in accordance with this sub-clause (I) or sub-clause (J) below then any additional amounts paid by the Lessee to the Lessor under this sub-clause (I) or sub-clause (J) below shall be refunded (less any tax paid by the Lessor thereon) by the Lessor to the Lessee as soon as practicable after such credit is obtained. The determination of the amount of such credit by the Lessor shall be final and binding on both parties hereto in the absence of manifest error.

(J) The Lessee agrees that, with respect to any payment or indemnity paid under this Clause (except sub-clause (I) above), such payment

or indemnity shall include any amount necessary to hold the Lessor harmless on an after tax basis from all taxes or other charges required to be paid by the Lessor with respect to such payment or indemnity under the laws of any federal, state or local governing or taxing authority in the United States of America or any other jurisdiction, including pursuant to this sub-Clause.

Interest on
Indemnity

(K) Moneys becoming due by the Lessee to the Lessor under the indemnity contained in this Clause hereof above shall be paid on demand made by the Lessor and shall be paid together with interest thereon at one per cent. (1%) per annum over the Base Rate from the date the Lessor paid the amount in respect of which it is being indemnified to the date of the said demand.

(L) All obligations of the Lessee under this Clause shall continue in full force and effect notwithstanding the expiration or other termination of this Lease as to any or all of the Goods. All the indemnities contained in this Clause are expressly made for the benefit of and shall be enforceable by the Lessor. Upon the written request of the Lessor, the Lessee shall reimburse the Lessor on an after tax basis for any and all costs, expenses and disbursements the Lessor incurs, including proper legal fees, in connection with the assessment, contention or payment of any such taxes or other charges.

DEFAULT

Events of
Default

10. (A) IF at any time during the Lease Term:-

(i) the Lessee shall make default for seven (7) Business Days in any payment of rental due under the terms of this Agreement; or

(ii) the Lessee shall fail to perform and observe any of the undertakings, conditions, agreements and stipulations on its part contained herein (save in respect of any payment to which paragraph (i) above applies) and, in the case of breach capable of being remedied, fail to remedy the breach within thirty (30) days after being required by the Lessor in writing so to do; or

(iii) any representation or warranty of the Lessee in this Agreement shall be untrue or inaccurate or misleading and in the opinion of the Lessor the interests of the Lessor in the Goods or under this Agreement will be adversely prejudiced thereby; or

(iv) a petition for reorganisation under

Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings and in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within sixty (60) days after such petition shall have been filed and otherwise in accordance with the provisions of Title 11 U.S.C. Section 1168 or any successor provisions, as the same may hereafter be amended; or

(v) any other proceedings shall be commenced by or against the Lessee for any relief which includes or might result in, any modification of the obligations of the Lessee hereunder under the bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganisation, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in full force or such effectiveness shall continue), all the obligations of the Lessee under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within sixty (60) days after such proceedings shall have been commenced; or

(vi) any execution, distress or other process (including, without limitation, any

execution, distress or other process arising as a result of any act, omission or default of any Assignee, whether under any bankruptcy or insolvency laws or otherwise) shall be levied or threatened to be levied on the Goods or if the Goods shall be seized under any distress, execution or other process or be impounded and shall not be released or discharged within a period of thirty (30) days thereafter;

then and in any such event (without prejudice to any other right or remedy to the Lessor accrued or thereby arising) the Lessor may without demand or notice immediately terminate the hiring of the Goods and retake possession of the same. After the termination of the hiring the Goods shall be deemed not to be in the possession of the Lessee or any Assignee with the consent of the Lessor. For the purpose of retaking possession of the Goods the Lessor or its agent may enter any premises occupied by or under the control of the Lessee or any Assignee where the Goods may be or may be supposed to be and this Clause shall be construed as an irrevocable licence to enter any premises of the Lessee or any Assignee or under the control of the Lessee or any Assignee and to remove the Goods without responsibility for any damage reasonably caused in repossessing the same.

Liquidated
damages

(B) After the termination of the hiring of the Goods during the Primary Lease Period pursuant to the foregoing sub-clause (A) upon or as a consequence of a breach of contract by the Lessee amounting to a fundamental breach or repudiation of this Agreement by the Lessee, or upon a terminating contingency contained in sub-clause 10(A) which does not involve a breach of contract by the Lessee or a consequence of such breach, the Lessee shall pay on demand to the Lessor an amount which shall be calculated as provided below by reference to the date (herein called "the Basic Calculation Date") three (3) calendar months after the date of such termination or such earlier date (not being earlier than the date of such termination) as the Lessor may determine:-

(i) There shall be added together:-

(a) an amount equal to all arrears of rent payable under Clause 3(A) prior to the date of termination and all payments of rent which would (but for such termination) have been payable under Clause 3(A) during the period from the date of termination up to and including the Basic Calculation Date and all other

sums including interest under Clause 3(B) due or to become due under the terms of this Agreement in the period up to and including the Basic Calculation Date together (in the case of each such payment) with interest thereon (both before and after judgment) from the date upon which such payments would respectively have fallen due hereunder up to and including the Basic Calculation Date at the Agreed Rate;

(b) an amount equal to the rent which would have been payable on the rental payment date next following the Basic Calculation Date, discounted back on a day to day basis to the Basic Calculation Date at a rate of 12% per annum; PROVIDED THAT this paragraph (b) shall not apply if the Basic Calculation Date falls on a rental payment date;

(c) an amount equal to the Stipulated Loss Value calculated for the Basic Calculation Date from Annex B to the Schedule hereto;

(d) any amount which becomes due by the Lessee to the Lessor pursuant to the Appendix hereto;

(ii) The amount calculated as provided in (i) above shall be reduced by the total of the following:-

(a) the amount of all payments of or in respect of rent and other sums due under the terms of this Agreement made by the Lessee between the date of termination and the Basic Calculation Date together with interest thereon (both before and after judgment) from the date on which such payment was received by the Lessor up to and including the Basic Calculation Date at the Agreed Rate;

(b) if the Goods are sold prior to the Basic Calculation Date, an amount equal to the Rebate Percentage (as specified in the Schedule) of the net proceeds (as defined in sub-clause (F) below) of the Goods together with interest on such amount from the date on which the proceeds of sale were received by the Lessor up to and including the Basic Calculation Date, at the Agreed Rate;

(c) any amount due to the Lessee from

the Lessor pursuant to the Appendix hereto;

(iii) The result of the foregoing calculation shall be recoverable by the Lessor:-

(a) in the case of termination of the hiring upon a breach of contract by the Lessee (amounting to a fundamental breach or repudiation) or as a consequence of such breach, as liquidated damages; and

(b) in the case of termination of the hiring upon a terminating contingency which does not involve a breach of contract by the Lessee or a consequence of such breach, as a debt or liquidated demand;

together in either case with interest thereon (which shall accrue both before and after judgment) from the Basic Calculation Date up to the date of payment by the Lessee at the Agreed Rate;

(iv) If the amount calculated from paragraph (ii) above shall be greater than the amount calculated from paragraph (i) above the balance thereof shall, subject to Clause 12(D), be applied in the same manner as the Excess Amount in paragraph (v) below;

(v) If the Goods have not been sold before the Basic Calculation Date then in calculating the amount payable by the Lessee to the Lessor (if any) pursuant to paragraphs (i) and (ii) of this sub-clause (B) no reduction shall be made pursuant to (ii) (b) of this sub-clause in respect of the amount therein specified. On the subsequent sale of the Goods an amount equal to the Rebate Percentage of net proceeds of the Goods shall be applied firstly, in or towards satisfaction of any amount due and payable by the Lessee to the Lessor under the provisions of this Agreement, secondly, in or towards reimbursement to the Lessee of any amount theretofore paid by the Lessee to the Lessor pursuant to this sub-clause (B) and thereafter if there shall be any amount remaining (the "Excess Amount"), subject to Clause 12(D), an amount equal to the lesser of (i) the Excess Amount and (ii) an amount equal to the total amount of rental (which shall include all amounts paid by way of Stipulated Loss Value) paid by the Lessee hereunder during the Primary Lease Period

shall be paid to the Lessee by way of rebate of rentals and any balance together with an amount equal to the net proceeds less the Rebate Percentage thereof shall be retained by the Lessor;

(v) The certificate of the Lessor as to the amount payable by the Lessee pursuant to the foregoing provisions of this Clause shall be final and binding on the parties hereto.

ndamental
eaches

(C) The Lessee hereby agrees that any such breach as is hereinafter described shall amount to a fundamental breach or a repudiation by it of this Agreement, it being of the essence of this Agreement that such breaches shall not be committed by the Lessee, and that on the termination of the Primary Lease Period of the Goods consequent upon the occurrence of any of such breaches the Lessor shall be entitled to recover from the Lessee as liquidated damages the full amount which is expressed to be recoverable by the Lessor under sub-clause (E) of this Clause. The breaches listed below are not intended to be an exhaustive list of the breaches of this Agreement which are capable of amounting to a fundamental breach or a repudiation of this Agreement but are matters of such fundamental importance to the Lessor that the parties hereto have agreed to identify them specifically for this purpose. The breaches which are specifically agreed as amounting to a fundamental breach or a repudiation of this Agreement are the following:-

(a) default on the part of the Lessee for seven (7) Business Days in making any payment of rental due under the terms of this Agreement; or

(b) default on the part of the Lessee in performance of its obligations under Clause 5; or

(c) default by the Lessee in performance of its obligations under:-

(i) Clause 6(B)(iii); or

(ii) Clause 6(B)(iv) if such default in the opinion of the Lessor might be expected to jeopardise or prejudice its rights in the Goods or any Unit thereof; or

(d) default by the Lessee in performance of its obligations under Clauses 4(A), 4(D), 4(E), 4(F), 4(J), 4(K), 6(B)(i), 6(B)(ii), 6(B)(v), 9, 11 or 14(A) if such default is

not remedied within sixty (60) days after receipt by the Lessee of written notice from the Lessor requiring remedy of such default.

Terminating
Events and
Contingencies

(D) The terminating events and contingences mentioned in Clause 10(A) which do not involve a breach of contract by the Lessee or a consequence of such breach but nevertheless entitle the Lessor to recover the amount calculated pursuant to Clause 10(B) are any of the events set out in Clause 10(A)(iv), (v) or (vi).

Damages

(E) After the termination of the hiring of the Goods pursuant to sub-clause (A) of this Clause (otherwise than in circumstances which entitle the Lessor to a payment under the terms of sub-clause (B) of this Clause) at any time during the Lease Term the Lessee shall pay on demand to the Lessor such damages as the Lessor suffers in consequence of the breach on account of which the hiring of the Goods was terminated together with any sums due under any other provision (other than this Clause) of this Agreement and the Schedule.

(F) For the purpose of this Agreement the "net proceeds" of the Goods shall be determined after deducting from the proceeds of sale received by the Lessor all expenses of whatsoever nature of the Lessor properly incurred in connection with the sale or incurred in recovering possession or in having possession of the same and all liabilities, losses, claims, costs, demands, damages and expenses of the Lessor which would not have been incurred but for such termination.

(G) Following the termination of the lease of the Goods pursuant to Clause 10(A) the Lessor shall sell the Goods and shall have the sole right of deciding the means, timing and terms of sale of the Goods and in particular whether to sell by public auction or tender with or without reserve but shall use its reasonable endeavours to sell the Goods as soon as possible in the light of the market conditions at the time and taking into account factors material to the Lessor in dealing with prospective purchasers of the Goods to obtain terms satisfactory to the Lessor and where compatible therewith, the Lessee, and shall keep the Lessee reasonably informed as to the progress of negotiations and shall at least seven (7) days prior to the conclusion of any sale notify the Lessee of the price agreed for such sale.

VOLUNTARY TERMINATION

11. THE Lessee may terminate the lease of the Goods or any Unit comprised therein hereunder:-

(A) on any rental payment date if the amount of rental, together with any indemnity payment of a continuing nature pursuant to Clause 9, which will become payable thereon or was payable on the last preceding rental payment date will be or was, as the case may be, an amount which is equal to or greater than one hundred and five per cent. (105%) of the amount of the rental paid on the first rental payment date as a result of:-

(i) an alteration in any of the assumptions in the Appendix occurring or a claim in connection therewith being made against the Lessor by the Inland Revenue which has caused or will cause an adjustment in rental pursuant to the Appendix; or

(ii) a grossing up of such rental for the purposes of withholding tax pursuant to sub-clause 9(I); or

(iii) the addition of added value tax to such rental or the addition of any payment by way of indemnity in respect of any other tax of a continuing nature pursuant to Clauses 9(D) or 9(G) (taking account of any application of Clauses 9(H) or 9(J) thereto); or

(B) on any rental payment date falling on or after five (5) years after the commencement of the Primary Lease Period;

by giving not less than thirty (30) days prior written notice of its intention so to do to the Lessor expiring on such rental payment date. On such termination the lease of the Goods or any Unit comprised therein shall terminate and the Lessee shall return the Goods or any Unit comprised therein to the Lessor in accordance with Clause 12(A) whereupon the Goods or any Unit comprised therein shall be sold under the provisions of Clause 12(B) and the Lessee shall pay to the Lessor (as soon as a sum hereinafter stated can be calculated) an amount which shall be calculated as set out below (but subject always in its application both before and after the Voluntary Termination Calculation Date hereinafter referred to, to the provisions of Appendix I):-

(i) the calculation shall be made by reference to the date (herein called the "Voluntary Termination Calculation Date") which shall be three (3) calendar months after the date of such termination or such earlier date (not being earlier than the date

of such termination) as the Lessor may determine;

(ii) there shall be added together an amount ascertained by the application, mutatis mutandis, of the provisions of Clause 10(B)(i) (save that references therein to the Basic Calculation Date shall be deemed to be references to the Voluntary Termination Calculation Date) and the resulting amount shall be reduced by the amount calculated by the application, mutatis mutandis, of the provisions of Clause 10 (B)(ii) (save that the reference therein to the Basic Calculation Date shall be deemed to be a reference to the Voluntary Termination Calculation Date);

(iii) the result of the foregoing shall be recoverable by the Lessor as a debt or liquidated payment together with interest thereon at the Agreed Rate from the Voluntary Termination Calculation Date up to the date of payment and the provisions of Clause 10(B) (iv) shall apply mutatis mutandis;

(iv) if the Goods or any Unit comprised therein have not been sold before the Voluntary Termination Calculation Date then in calculating the amount (if any) payable by the Lessee to the Lessor pursuant to paragraph (ii) of this Clause 11(B) no reduction shall be made pursuant to paragraph (ii) of this Clause 11 in respect of the sale proceeds. On the subsequent sale of the Goods or any Unit comprised therein an amount equal to the Rebate Percentage of the net proceeds shall be applied firstly, in or towards satisfaction of any amount due and payable by the Lessee to the Lessor under the provisions of this Agreement, secondly, in or towards reimbursement to the Lessee of any amount theretofore paid by the Lessee to the Lessor pursuant to this Clause 11 and thereafter if there shall be any amount remaining (the "Excess Amount"), subject to Clause 12(D), an amount equal to the lesser of (i) the Excess Amount and (ii) an amount equal to the total amount of the rental (which shall include any amount paid by way of Stipulated Loss Value) paid by the Lessee hereunder during the Primary Lease Period in respect of the Goods or any Unit comprised therein shall be paid to the Lessee by way of rebate of rentals and any balance together with an amount equal to the net proceeds less the Rebate Percentage thereof shall be retained by the Lessor.

RETURN OF GOODS

turn
Goods

12. (A) UPON the expiration or termination of the hiring of the Goods (otherwise than by virtue of the provisions of sub-clause 5(B)), the Lessee shall forthwith re-deliver possession of the same to the Lessor at any place on the lines of railroad operated by the Lessee as may be designated by the Lessor. All costs of removal of the Goods (including costs of removing any fixtures and all dismantling costs) and of such delivery shall be borne by the Lessee who shall also be responsible for the continued insurance of the Goods (on terms which comply with Clause 5(A)) until such delivery or until (if the Goods are to be sold by the Lessee as agent for the Lessor) the sale of the Goods by the Lessee. The Lessor shall be entitled to require the Lessee to act as the agent of the Lessor for the sale of the Goods on such terms as the Lessor considers appropriate and in such event the Lessee shall use its best endeavours to sell the Goods (otherwise than to the Lessee or any holding company of the Lessee or any subsidiary company of such holding company) on the best terms reasonably available. The Lessor shall be entitled to require the Lessee to store the Goods at the Lessee's risk and expense and to maintain the Goods until they shall have been sold.

Condition
of Goods
on Return

(B) The Goods when so re-delivered or sold shall have installed thereon equipment, accessories, or parts installed thereon at the commencement of the Lease Period or replacements therefor made in accordance with the provisions of this Agreement, shall be in as good condition as at the commencement of the Lease Period, ordinary operating wear and tear and changes or alterations properly made by the Lessee as permitted under this Agreement excepted, shall be in good operating condition, and shall generally be maintained to the standard required by this Agreement. The Lessor shall be entitled to require the Lessee at its own expense to remedy any defects or deficiencies in the Goods when the same are delivered or before sale hereunder and the Lessee shall comply with any such requirement. Should the Lessee fail to comply with any such requirement the Lessor shall be entitled to remedy the defects or deficiencies specified and to recover from the Lessee as a debt all expenses so incurred.

date
Rentals

(C) Should the Lessee, on the date of expiry or the termination (except under the provisions of Clause 5(B) or 10(A) hereof) of the Lease Period of the Goods, return the Goods to the Lessor in accordance with the provisions of and in the

Information

(B) The Lessee shall give to the Lessor all such information as the Lessor may require with respect to the Goods and their use and as to the Lessee's financial position and shall procure that, if so requested by the Lessor, two of the Officers of the Lessee shall certify any such information. The Lessee shall use its best efforts to obtain for the Lessor such similar information which the Lessor may request relating to any Assignee. On or before 31st March in each year, commencing with the calendar year 1982, the Lessee will furnish to the Lessor an accurate statement signed by an officer of the Lessee:-

(i) containing the total number, description and road numbers of all Units of the Goods then leased hereunder as at the preceding 31st December;

(ii) containing the total number, description and road numbers of all Units of the Goods that have suffered a Total Loss during the preceding calendar year;

(iii) containing the total number, description and road numbers of all Units of the Goods that are undergoing repairs (other than running repairs) or are then withdrawn from use pending repair (other than running repairs);

(iv) containing such other information regarding the condition and state of repair of the Units of the Goods as the Lessor may reasonably request;

(v) stating that, in the case of all Units of the Goods repainted, or repaired during the period covered by such statement, the numbers and markings required by Clause 6(B)(i) have been preserved or replaced.

Exercise
of Lessor's
rights

(C) No failure or delay on the part of the Lessor in exercising any power or right hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any such right or power preclude any other or further exercise of any such right or power.

Amendments

(D) This Agreement, the Supply Contract and the Consent Letter contain the entire agreement between the parties with respect to the acquisition of the Goods by the Lessor and the leasing thereof hereunder and supersede all previous agreements, representations, understandings and commitments whatsoever, oral or in writing other than any which, under the terms of the Letter of Offer dated 28th January 1981

entered into between the parties hereto in relation to the Goods, is expressed to survive the execution of this Agreement. This Agreement shall not be varied in its terms by any oral agreement or representation or otherwise than by an instrument in writing of even date herewith or subsequent hereto executed by all the parties hereto or by their duly authorised representative.

Invalidity
or unenforce-
ability

(E) If any term or provision of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable the remainder of this Agreement or application of such term or provision to persons or circumstances other than those as to which it is already invalid or unenforceable shall not be affected thereby and each term and provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law.

Titles

(F) The headings and margin titles to the Clauses of this Agreement shall not in any way affect the interpretation thereof.

Notice

(G) Any account, demand, consent, record, election or notice required or permitted to be given under this Agreement shall be in writing and sent by first class pre-paid airmail letter, telex or delivered by hand addressed as follows:-

(i) if to the Lessor to:-

Lloyds International Leasing Limited,
40-66 Queen Victoria Street,
London EC4P 4EL,
England.

Telex No. 888421/2

(ii) if to the Lessee to:-

Louisville and Nashville Railroad
Company,
500 Water Street,
Jacksonville,
Florida 32202,
U.S.A.

(Attention: Director of Finance)

Telex No. Jacksonville 803640

or in each case to such other person or address or addresses as either party may notify in writing to the other party hereto. Any such matter sent by letter shall be deemed to have been received ten (10) days after posting; any such matter sent by telex shall be deemed to have been received at the

time of despatch and an delivery if delivered by hand.

Law

(H) This Agreement shall be governed by and construed and performance thereof shall be determined in accordance with the laws of England except that the law (including the conflict of laws rules) of the State of Florida shall govern the perfection and the effect of perfection or non-perfection of the security interest constituted by this Agreement in the United States of America.

(I) The Lessee hereby submits to the non-exclusive jurisdiction of the High Court of Justice in England and appoints White & Case, Estates House, 66 Gresham Street, London EC2V 7LB or such other person or persons as the Lessee may with the prior written approval of the Lessor from time to time appoint in its place to be the Lessee's attorney for the purposes of accepting service on the Lessee's behalf of any writ, notice, order, judgment or other legal process or any other notice, demand or other document with respect to this Agreement or any matter arising thereout.

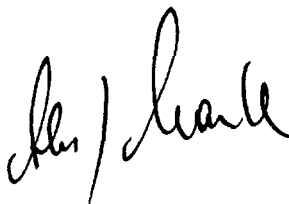
I N W I T N E S S whereof the parties hereto have entered into these presents the day and year first above written.


SIGNED by J. P. SCOTT)
for and on behalf of LLOYDS)
INTERNATIONAL LEASING LIMITED)
in the presence of:-)



D. W. OSGONE
Barrington House
59-67 Gresham Street
London EC2
(Solentur)

SIGNED by Alex M. Moore)
for and on behalf of LOUISVILLE)
AND NASHVILLE RAILROAD COMPANY)
in the presence of:-)




500 West St
Jacksonville FL 32202 USA

APPENDIX

ADJUSTMENT OF RENTALS AND THE SCHEDULE ANNEX B VALUES

1. Words and expressions defined in the Agreement and words and expressions defined in the Income and Corporation Taxes Act 1970 shall have the same respective meanings herein.

2. The rentals specified in the Schedule for the Primary Lease Period have been calculated on the basis that the assumptions specified in Paragraph 4 prove to be correct and accordingly if, as a result of all or any of such assumptions having proved to be incorrect in whole or in part (except the assumptions contained in paragraph 4(i)(a), (ii)(b), (iii) and (vii) the incorrectness of which will not affect the rentals) (and on each occasion thereof), the aggregate of the rentals specified in the Schedule would (on the basis that the benefit of any decrease in and the burden of any increase in the Relevant Rate and the benefit of any reduction and the burden of any increase in the cost referred to in paragraph 4(xiii) accrues to or is borne by the Lessor (the "Relevant Basis")) as a whole (and apart from the application from time to time of the provisions of this Paragraph 2) produce for the Lessor (on the Relevant Basis) a different net of tax rate of return in respect of the Cost of Goods from that which the Lessor (on the Relevant Basis) would have obtained if all such assumptions had proved to be correct in full, then the Lessor shall by giving notice in writing to the Lessee, adjust the rental payable hereunder by such an amount as the Lessor in its absolute discretion (acting in good faith) shall determine to be necessary to ensure that the net of tax rate of return to the Lessor in respect of the Cost of Goods throughout the Primary Lease Period is the same as such return would have been if the assumptions specified in Paragraph 4 had proved to be correct.

3. (A) Adjustments under paragraph 2 shall be expressed as equal amounts applicable to each of the six-monthly (semi-annual) instalments of rental which, at the date of the said notice, remains to be paid for the Goods during the remainder of the Primary Lease Period and shall have effect commencing with the instalment of rental due next after the date of the Lessor's said notice.

(B) If any of the assumptions specified in Paragraph 4 proves to be incorrect after all payments of rental specified in the Schedule shall

have been paid or after the Lease Period shall have been terminated for whatever cause, then the final payment of rental hereunder shall be retrospectively adjusted in accordance with Paragraph 2 and all such payments or rebates shall be made by the Lessee to the Lessor or vice versa within fourteen (14) Business Days after the date of the Lessor's said notice as may be required to ensure that the net after tax rate of return over the Primary Lease Period to the Lessor in respect of the Cost of Goods is equal to the net after tax rate of return which the Lessor would have received in respect thereof if the assumptions set out in Paragraph 4 had proved to be correct in every respect PROVIDED THAT so long as no matter in connection therewith is then being contested with the Inland Revenue, no adjustment shall be made pursuant to the foregoing provisions of this paragraph 3(B) after the date falling 4 years after the termination of the lease of the Goods or any Unit comprised therein in respect thereof.

4. The assumptions referred to in Paragraphs 2 and 3 are as follows:-

(i) (a) that the Lessor's Accounting Period for corporation tax purposes will end on 30th September in each year;

(b) that the Lessor's corporation tax (if any) in respect of each Accounting Period will be payable nine (9) months after the end of such Accounting Period;

(ii) (a) that corporation tax in respect of the Lessor's taxable profits during the Accounting Period of the Lessor in which the Goods are delivered by the Lessor to the Lessee hereunder is at a rate of fifty two per cent. (52%);

(b) that corporation tax in respect of the Lessor's taxable profits during any Accounting Period other than the one referred to in paragraph (a) above is at a rate of fifty two per cent. (52%);

(iii) that the purchase and lease of the Goods is the only transaction carried out by the Lessor and is carried out on the basis that the Lessor carried on a trade of leasing of which the purchase and lease of the Goods form part;

(iv) that there will be available to the Lessor in respect of the Lessor's accounting period ending on 30th September 1981 and in subsequent accounting periods as a result of

and in respect of the full amount of capital expenditure (the sterling equivalent of the Cost of Goods as referred to in the Schedule) incurred or to be incurred by the Lessor in purchasing the Goods, writing-down allowances under Section 44 of the Finance Act 1971 as applied by Section 65 Finance Act 1980 on the assumption that the Goods will not be used for a qualifying purpose (as defined by Section 64 Finance Act 1980) at a rate of 25% on a reducing balance basis;

(v) that any losses for taxation purposes created by the claiming of the said allowances will be capable of being set off against other taxable profits of the Lessor for the accounting period in which such allowances are available;

(vi) that any losses for taxation purposes created by the claiming of the said allowance will be capable of being surrendered by way of group relief by the Lessor within the Lloyds Bank Group in accordance with Sections 258 to 264 inclusive of the Income and Corporation Taxes Act 1970 and Section 28 to 32 inclusive of the Finance Act 1973;

(vii) that there will be profits of the Lessor available for set-off as mentioned in assumption (v) and there will be profits of other members of the Lloyds Bank Group against which losses created by the claiming of all capital allowances can be relieved by way of the surrender of group relief as mentioned in assumption (vi);

(viii) that the benefit to the Lessor in respect of each group relief surrender referred to in paragraph (vi) above will be capable of being received in respect of one-quarter ($\frac{1}{4}$) of the losses surrendered three (3) months after the end of the relevant Accounting Period of the Lessor and in respect of three-quarters ($\frac{3}{4}$) of the losses surrendered fifteen (15) months after the end of the relevant Accounting Period of the Lessor and that such benefit shall be at the rate of Corporation Tax applicable to the profits against which such surrender is made; PROVIDED THAT there shall not be deemed to be a change in this assumption by virtue of the Lessor or any member of the Lloyds Bank Group voluntarily changing its accounting period;

(ix) that any interest paid or (in the case of interest allowable as a trading expense) accrued (which interest shall be at a

(D) Value Added Tax, at the rate applicable from time to time, shall be added to each instalment of rental and shall be paid by the Lessee.

10. Rebate Percentage shall be 95%.

11. Relevant Rate: 14%.

ANNEX A to the Schedule - The Goods

(i) <u>Unit</u>	(ii) <u>Description</u>	(iii) <u>Cost of Unit in U.S. Dollars for purposes of this Agreement</u>	(iv) <u>Total in U.S. Dollars</u>	(v) <u>Sterling equivalent of Cost of Unit</u>	(vi) <u>Road Number</u>
1 to 100 inclusive	100 ton 4750 cu. ft. Covered Hopper Cars	43,136.05	4,313,605.00	2,344,095.75	L & N 242600 to 242699 inclusive
101 to 589 inclusive	100 ton Coal Hopper Cars	42,361.00	20,714,529.00	11,256,672.64	L & N 551621 to 552109 inclusive
<u>Cost of Goods</u>			25,028,134.00		